

CERTAIN STREET RAILROADS IN THE DISTRICT OF COLUMBIA.

FEBRUARY 20, 1895.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. RICHARDSON, of Tennessee, from the Committee on the District of Columbia, submitted the following

REPORT:

[To accompany H. R. 8923.]

The Committee on the District of Columbia, to whom was referred the bill (H. R. 8461) to amend the charter of certain street railroad companies in the District of Columbia, after full consideration, report a substitute therefor.

The reasons for granting relief to said companies are shown in the report of the Commissioners of the District of Columbia and the statements given below. The substitute bill provides for a reduction of the tax to 2 per cent per annum, instead of $1\frac{1}{2}$ per cent per annum, and limits the time for the reduction to three years, after which time the tax of 4 per cent per annum shall be reimposed on said companies. The committee recommend that the substitute be adopted and passed, and that H. R. 8461 lie on the table.

OFFICE OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, February 1, 1895.

SIR: The Commissioners return herewith with their approval House bill 8461 "To amend the charter of certain street railroad companies in the District of Columbia."

The statements submitted by each of the suburban roads—Georgetown and Tennallytown Railway Company, Brightwood Railway Company, and Rock Creek Railway Company—and herewith transmitted, plainly show that from the opening of each road to January 1, 1895, the expenses of operation and maintenance have annually largely exceeded earnings, thus affording no return to the stockholders upon their investment. These companies are increasing the taxable values of real estate and stimulating suburban improvement. While thus engaged it is apparent that they are being now operated at an annual loss. While these conditions continue we consider their request for reduction of taxation upon gross earnings from 4 to $1\frac{1}{2}$ per cent per annum entirely reasonable and that it should be applied upon all arrears as well.

Very respectfully,

JOHN W. ROSS,
President Board of Commissioners District of Columbia.

HON. JOHN T. HEARD,
Chairman Committee on the District of Columbia, House of Representatives.

GEORGETOWN AND TENNALLYTOWN RAILROAD COMPANY.

To the Congress of the United States:

It becomes my duty to address you in behalf of the bills introduced in the Senate and House of Representatives entitled "A bill to amend the charters of certain street railroad companies in the District of Columbia," being Senate bill No. 2545, and H. R. bill No. 8461, and more particularly designed to relieve the suburban railroads by reducing the present tax rate of 4 per cent upon their gross earnings to $1\frac{1}{2}$ per

cent, etc. I therefore beg to refer you to the following facts in connection with the financial condition of the Georgetown and Tennallytown Railroad Company:

In May, 1894, I was called upon to take active charge of the affairs of that company, and upon assuming charge thereof found the same in a very demoralized financial condition. The management of the company had in February, 1894, negotiated and placed upon the road a bonded debt of \$70,000, which they anticipated would have satisfied the prior bonded debt, and also settle in full all claims against the company, the creditors of the road being led to believe that they would be paid in full; instead, however, of this being the result, I found upon taking charge of the road a floating indebtedness of over \$13,000, with no provisions to meet the same except the earnings of the road. It will be thus seen, as there have been no dividends paid and there was no surplus of any character, that from the opening of the road in April, 1891, to February, 1894, there had been a net loss of over \$83,000.

The account represented by the property, power plant, electrical car line and tracks, and equipments has been increased over the original cost of construction by a large amount for additions thereto, many items of which were in the nature of repairs and not in the nature of betterments. (In my opinion these accounts should stand as of the original cost of construction.) In this way the management failed to realize to a great extent what had been a large actual loss from the beginning of the company to the time they were called upon, in February, 1894, to provide means to pay the immediate demands of its creditors, and they were thus compelled to place a bonded debt upon the road, not for improvements, but simply to meet the accumulated loss of about three years' operations. Again, the loss of over \$83,000 up to February, 1894, is still further increased by the tax on gross earnings due and unpaid the District of Columbia, as follows:

For 1891, \$1,371.13; 1892, \$1,638.43; 1893, \$1,638.43; which, without penalty, aggregates \$4,647.99, thus swelling the loss in the operations of the company to February, 1894, to \$87,000, and over.

In May, 1894, at the request of the directors, I assumed the presidency of the road. I at once ascertained, as near as possible, the condition of the affairs of the company, and during the remainder of the year 1894 arranged its financial matters in as satisfactory condition as possible, curtailing all unnecessary expenses, adjusting pending suits, etc. The financial operations of the company, with reference to its earnings, operating expenses, etc., exclusive of tax on gross earnings, interest on bills payable and bonded debt, were stated at the close of the year as follows:

Earnings.

Passenger receipts	\$30,638.09
Commutation tickets	199.50
Rents (net)	36.00
United States mail	225.15
Freight	446.99
Advertising	190.59
Total	31,736.32

Operating expenses (exclusive of interest commission, etc.)

Wages to employees	15,887.81
Wages to superintendent and clerk	1,840.00
Repairs to cars	3,108.37
Repairs to track	1,229.58
Repairs to line	200.58
Repairs to engines	135.05
Oils, waste, and grease	1,175.56
Fuel	6,083.10
Incidentals (less rebates)	353.03
General expenses	860.82
Insurance	900.00
Accidents	1,556.00
General taxes	351.08
Storage accounts	335.25
Total	34,016.23

RECAPITULATION—OPERATING EXPENSES.

Accidents, insurance, etc., as above	34,016.23
Earnings, as above	31,736.32
Loss	2,279.91

To this sum must be added the interest on the bonded debt, bills payable, expenses of commissions on bonds, etc., paid during the year, which will increase the actual loss during the year to a very considerable amount. There should also be charged the tax on the gross earnings for 1894, due and unpaid the District of Columbia, amounting to, as rendered, \$1,193.18.

The company have during the year supplied power to the Tennallytown and Rockville Railroad Company, and also to the Glen Echo Railway Company, for which fixed charges were made, but by reason of the insolvency of these roads we have never been able to obtain a compensation equal to the outlay, and yet, in order to keep the travel upon the Georgetown and Tennallytown Railroad, we found ourselves obliged to continue the operations of the roads named at a continued loss to us.

Again, no dividends have ever been paid by the Georgetown and Tennallytown Railroad Company, and none will be paid for years, and none of its directors or executive officers have received compensation.

In conclusion, with these facts before your honorable bodies, we earnestly ask that you will find it proper to grant still greater relief than that provided for by the bills referred to. We think, and justly so, that the tax should be upon the net earnings of the road until it is placed upon a dividend-paying basis, for the reason that until such is the case they are simply supplying a public want without compensation to the stockholders, who maintain a public convenience, and the stockholder of the Georgetown and Tennallytown Railroad Company who originally placed his money at par, and in some instances above par, now finds, from the continued failure of the earnings to meet the operating and other expenses of the company, that his stock is without a market and almost worthless.

We have maintained during the year 1894 an improved service over that of any other year, and are continuing same through the winter, notwithstanding that from December 1, 1894, to date the daily receipts have only been sufficient to pay the wages to the motormen and conductors, and creating a daily deficiency for fuel and other necessary expenses.

Surely we are entitled to your assistance to enable us to keep up our expenses and continue our present service. Without some immediate concessions we will necessarily be compelled to curtail our present schedules, and this will result in a great inconvenience to the public living in the suburban parts of our District, and in adjoining parts of the State of Maryland.

Earnestly asking for immediate action, I am your obedient servant,

GEO. E. EMMONS,
President Georgetown and Tennallytown Railroad Company.

ROCK CREEK RAILROAD COMPANY.

Earnings 1894.

Passenger earnings	\$34,791.38
Freight earnings	1,028.64
Electric light	1,000.00
Advertising	400.00
Mail car	37.09
Total	37,257.11
Loss	10,194.91
Total	47,452.02

Cost of operating (exclusive of interest).

Wages and salaries	31,020.36
Fuel and light	6,316.00
Oil, waste, and grease	389.82
Repairing and renewing of equipment (engines, cars, etc.)	4,430.28
Repairing and renewing of track, roadway, and buildings	1,806.63
Incidentals	224.97
Insurance	392.02
Legal expense	1,060.96
Taxes	129.28
General expenses	1,681.70
Total	47,452.02

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All earnings to January 1, 1895.

Passenger earnings	\$61,645.00
Freight earnings	4,786.98
Electric light	1,000.00
Advertising	400.00
Mail car	37.09
Total	<u>67,869.07</u>
Loss	<u>51,792.59</u>
Total	<u><u>119,661.66</u></u>

Cost of operating (exclusive of interest).

Wages and salaries	76,338.39
Fuel and light	13,075.59
Oil, waste, and grease	2,586.55
Repairs and renewals of equipment (engines, cars, etc.)	9,499.16
Repairs and renewals of track, roadway, and buildings	4,145.00
Incidentals	621.88
Insurance	1,278.78
Legal expense	2,336.51
Taxes	403.51
Injury and damages	150.90
General expenses	10,225.39
Total	<u><u>119,661.66</u></u>

HOWARD S. WYMAN, *Secretary.*

STATEMENT EARNINGS AND EXPENDITURES, BRIGHTWOOD RAILWAY COMPANY.

WASHINGTON, D. C., *January 30, 1895.*

Year 1893.

Passenger receipts	\$36,907.15
Operating expenses, interest charges, taxes, and other expenses	46,569.00
Making a loss during the year of	<u><u>9,662.00</u></u>

Year 1894.

Passenger receipts	51,040.00
Operating expenses, interest charges, taxes, and other expenses	67,727.00
Making a loss during the year 1894	<u><u>16,687.00</u></u>

CHAS. P. WILLIAMS, *Treasurer.*